



CITY OF  
ROLLING HILLS ESTATES

**CITY MANAGER'S CORNER**

August 3, 2010

**COMPENSATION CONTROVERSY**

With the recent controversy swirling around public officials' compensation in the City of Bell, I believe it is incumbent upon me to say a few words to the residents of Rolling Hills Estates about this matter.

At the outset, let me say that from all accounts, it seems clear that the amount of compensation paid to both City Council Members and top employees in the City of Bell is entirely outside the norm and beyond anything a reasonable person could defend. The methods by which these salaries were set seem to be at the very least unethical and may ultimately be proven to be criminal. The sheer magnitude of the amounts in question dwarfs any other municipal scandal in memory.

As a proud member of the city management profession since 1982, it concerns me greatly that an aberration such as this will unjustly focus negative attention on the vast majority of hard working, honest and dedicated public servants, be they elected or appointed officials.

The Council-Manager form of government is a tried and true method of organizing a city. It relies on a professional administrator, trained and educated, to carry out the policies set by a City Council made up of ordinary citizens serving their own community on a part-time basis. To make this system work, it requires a high level of trust and cooperation between the City Council and the City Manager, but it also requires a system of checks and balances between the two. While the Manager must have a high degree of honesty and integrity, the City Council must still be vigilant in its oversight of the City Manager's activities. Only then can a partnership of interdependence be established and the work of the public carried out effectively. Unfortunately, in the City of Bell, it seems that neither party lived up to its obligations.

Let me assure you that the disclosure laws of the State of California, the Rolling Hills Estates City Council's dedication to its fiduciary responsibility as stewards of the public trust, and my own professional and ethical standards make the kind of abuses found in the City of Bell impossible in Rolling Hills Estates.

Now let me take a moment to explain how the City of Rolling Hills Estates sets compensation for public officials and employees. At the top, the City Council establishes the tone by serving on a voluntary basis without compensation. City Council Members receive only reimbursement for direct costs incurred in undertaking

their official duties. The same goes for Commissioners and Committee Members. The Rolling Hills Estates philosophy for public involvement is simply to give back to the community and expect nothing in return except the privilege and honor of serving.

As City Manager, I am the full-time professional chief executive officer of this municipal corporation. The elected City Council serves in a capacity equivalent to a corporate board of directors. As such, they set my salary, taking into consideration such things as performance (we have a strictly merit-based salary system); competitive position in the market place (we conduct regular salary surveys to determine proper relationship to other similarly situated communities); and the City's financial position (all employee salaries, including my own, have been frozen for the past two years given the state of the economy and tightening of the City's budget).

As City Manager, I am in the unique position among City employees in that I serve at the pleasure of the City Council. All other City employees have statutory protections that govern their employment that do not apply to me. Therefore, as is the case with most cities in California, in order to establish a fair and balanced working relationship between the City Council and the City Manager, the City Council of Rolling Hills Estates and I have entered into an employment agreement which spells out the rights and obligations of both the City Council and me. That agreement, which includes provisions for my salary and benefits, is a public document, which has been adopted and can only be amended in a duly noticed, open and public meeting of the City Council.

All other employees are governed by personnel rules, resolutions and ordinances that are also subject to City Council approval in public session. The administration of those employee regulations is my responsibility, with oversight and policy direction from the City Council. All employees serve in a position enumerated by resolution which establishes a compensation range within which the employee must be paid. As with my salary, these ranges are reviewed and approved annually by the City Council in public session. Actual salaries within these ranges are set by me and I take into consideration the same factors in setting individual salaries that the City Council takes into consideration in setting mine. My ability to adjust salaries within approved ranges is governed by limits set by the City Council each year. All salary adjustments and personnel actions require both my signature and the signature of the employee's supervisor. The personnel system administrator, the finance department and an independent auditor also provide checks and balances for implementation of all personnel actions.

With this system of checks and balances, shared responsibility and oversight, the City of Rolling Hills Estates is well positioned to maintain an effective and honest compensation system, which fairly compensates public employees for their hard work while protecting the public from scandal and abuse.